

Message Text

LIMITED OFFICIAL USE

PAGE 01 COPENH 02301 130739Z

14

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /093 W

----- 119104

P R 121630Z JUL 76

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 2938

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE COPENHAGEN 2301

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EAGR, EEC, DA

SUBJECT: COMMISSION PROPOSAL TO TAX VEGETABLE FATS AND OILS

REF: 1) STATE 170962 2) EC BRUSSELS 6811

1. SUBSTANCE OF REF 1) CONVEYED TO MFA DEPUTY UNDER SECRETARY OF STATE FOR ECONOMIC COMMUNITY AFFAIRS, AMBASSADOR WANDEL-PETERSEN, BY DCM AND AGATT. WANDEL-PETERSEN SAID THAT THE PROPOSED TAX WAS NOT DENMARK'S IDEA AND THAT DENMARK WAS NOT A SUPPORTER OF IT. HE SAID DENMARK'S POSITION HAD BEEN THAT THE DAIRY PROBLEM SHOULD BE DEALT WITH BY LOWERING THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COPENH 02301 130739Z

INTERVENTIONPRICE ON NFDM TO A LEVEL WHERE THE SURPLUSES

WOULD MOVE COMMERCIALLY. HE AGREED THAT THE PROPOSED TAX ON VEGETABLE FATS AND OILS WOULD BE ADVERSE TO THE INTEREST OF DENMARK'S CRUSHING INDUSTRY, WHICH IS AN EXPORTER OF OIL, AND WOULD RAISE FEED COSTS IN THE VITA PIG SECTOR.

2. THE EMBASSY REPRESENTATIVES EXPRESSED THE HOPE THAT NOT ONLY WOULD DENMARK WITHHOLD SUPPORT FROM THE MUTUALLY DAMAGING TAX PROPOSAL BUT THAT DENMARK'S MINISTER OF AGRICULTURE WOULD ACTIVELY SPEAK OUT AGAINST IT. WANDEL-PETERSEN REPLIED THAT HE WAS PLEASED TO HAVE THE US VIEWS AND THAT THEY WOULD BE GIVEN FULL CONSIDERATION IN THE FORMULATION OF THE DACSH POSITION. HE DOUBTED, HOWEVER, THAT A FORMAL DANISH POSITION WOULD TAKE SHAPE UNTIL AFTER THE PROPOSAL IS INTRODUCED AND EXAMINED IN THE JULY 19 AGRICULTURAL COUNCIL MEETING. HE WAS SURE AN EC DECISION ON THE TAX PROPOSAL WAS MONTHS AWAY.

3. MINISTER OF AGRICULTURE IS ON VACATION AND OTHER KEY MINAG OFFICIALS WHO CAN SPEAK TO THIS ISSUE ARE ALSO ON VACATION OR IN BRUSSELS. HOWEVER, IT IS EXPECTED THAT AN APPROPRIATE MINAG APPOINTMENT CAN BE OBTAINED MID-WEEK.

4. THE AGRICULTURAL COUNCIL, AS A COPA AFFILIATE, VIEWS VEGETABLE TAX PROPOSAL MORE FAVORABLY THAN NFA BUT IT TOO HAS MISGIVINGS. IT HAS DIFFICULTY, OF COURSE, RECONCILING THE PIG SECTOR'S INTEREST IN LIMITING FEED COSTS WITH THE DAIRY SECTOR'S CONCERN ABOUT VEGETABLE PROTEIN AND OIL COMPETITION. THE DAIRY SECTOR HAS, FOR THE TIME BEING AT LEAST, THE LOUDEST VOICES BECAUSE OF THE PRESSING DAIRY SURPLUS PROBLEMS. IN DISCUSSING THE VEGETABLE OIL TAX PROPOSAL WITH THE AGRICULTURAL ATTACHE, THE COUNCIL'S MANAGING DIRECTOR IMPLIED THAT THE COUNCIL DID NOT REALLY EXPECT THE TAX TO MATERIALIZE. HOWEVER, HE SAW THE PROPOSAL AS SERVING A USEFUL PURPOSE AS A MEANS OF ILLUSTRATING THE INCOMPATIBILITY OF LOW VEGETABLE OIL AND PROTEIN PRICES WITH THE HIGH DAIRY PRICE CAP. HE ALSO SAW IT AS MEANS TO PRESSURE THE US AND OTHER OILSEED EXPORTERS, ESPECIALLY BRAZIL, TO PROVIDE MORE MARKET ACCESS TO EC DAIRY PRODUCTS AND TO FORCE MOVEMENT IN THE MTN TOWARD INTERNATIONAL AGREEMENTS ON DAIRY PRODUCTS AND OILSEED PRODUCTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COPENH 02301 130739Z

5. FOR OTHER REASONS, THE DANISH AGRICULTURAL COUNCIL APPEARS SOMEWHAT DISENCHANTED WITH LARDINOIS' TOTAL DAIRY PACKAGE. A PRIME REASON BEING THAT THE PROPOSALS DO NOT GIVE ENOUGH CONTROL TO THE PRODUCERS OVER THE USE OF THE FUNDS TO BE GENERATED BY THE PROPOSED LEVIES. FURTHERMORE, BECAUSE OF THE DROUGHT AND UNCERTAINTIES OVER EC MILK PRODUCTION DURING THE REMAINDER OF THE YEAR, THE COUNCIL SPOKESMAN SAID HE DID NOT EXPECT THE VEGETABLE TAX OR OTHER ASPECTS OF THE

DAIRY PACKAGE TO BE PUSHED FORWARD AT THIS TIME. HE DOUBTED,
IN FACT, THAT THE VEGETABLE TAX PROPOSED WOULD BE FORMALLY
PRESENTED TO THE AGRICULTURAL MINISTER'S MEETING JULY 19.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE CONTROLS, TAXES, VEGETABLE OILS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COPENH02301
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760269-0086
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760769/aaaacior.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 170962, 76 EC BRUSSELS 6811
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2004 by greeneet>; APPROVED <06 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMISSION PROPOSAL TO TAX VEGETABLE FATS AND OILS
TAGS: ETRD, EAGR, DA, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006